

Message Text

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PAGE 01 STATE 014583
ORIGIN COME-00

INFO OCT-01 ARA-14 ISO-00 EB-08 USIA-15 /038 R

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COM/BED/OIM/TKBREWER, CMM
COM/BED/OIM/EOLSEN, AD
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-----056222 191400Z /47

R 190027Z JAN 78
FM SECSTATE WASHDC
TO AMEMBASSY QUITO
INFO AMCONSUL GUAYAQUIL

UNCLAS STATE 014583

E.O. 11652:N/A

TAGS: BEXP, AFSP, EC

SUBJECT:COUNTRY COMMERCIAL PROGRAM FOR ECUADOR - FY 1979

GUIDANCE

REF: A) QUITO'S 2003; B) STATE 44899; C) STATE 000118

1. THE FOLLOWING ADDRESSES THE PRELIMINARY FY-1979 CCP
CONVEYED BY REFTEL (A) IN RESPONSE TO STATE 44899. IT IS
PROVIDED AS GUIDANCE TO ASSIST IN FORMULATING THE MIS-
SION'S DRAFT CONTRIBUTION FOR FY-1979 PURSUANT TO REFTEL
(C).

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2. RECENT DEVELOPMENTS WHICH STRIKE US AS STRONGLY IN-
FLUENCING THE DIRECTION OF OUR TRADE DEVELOPMENT INITI-
ATIVES WOULD APPEAR TO CENTER UPON THE FOLLOWING: (A) THE
4.3 BILLION DOLLARS PUBLIC INVESTMENT PROGRAM TO BE IMPE-
MENTED DURING 1977-81; (B) THE CONTINUATION OF GOOD OVERALL
ECONOMIC GROWTH RATES; (C) THE IMPROVED OUTLOOK FOR NEW

PETROLEUM DEVELOPMENT SUBSEQUENT TO THE CEPE/TEXACO AGREEMENT; (D) THE GENERAL GOOD BALANCE OF PAYMENTS AND NET INTERNATIONAL RESERVE POSITIONS OF ECUADOR; (E) THE ACCESSIBILITY OF ECUADOR TO SOURCES OF CREDIT AND CAPITAL; GIVEN ECUADOR'S LOW DEBT SERVICING RATIO; (F) THE

URGENT NEED OF ALL TYPES OF SERVICES RELATED TO THE ECONOMIC DEVELOPMENT PROGRESS; (G) THE RELATIVELY FAVORABLE AND RECEPTIVE ATTITUDE OF THE PRESENT GOVERNMENT VIS-A-VIS FOREIGN INVESTORS INCLUDING APPARENTLY THOSE IN THE VITAL PETROLEUM SECTOR. THE FOREGOING ASSUMES A CONTINUATION OF A SIMILAR POLITICAL AND ECONOMIC CLIMATE TO THAT PREVALENT CURRENTLY. OBVIOUSLY, OUR TRADE INITIATIVES WOULD HAVE TO BE REASSESSED IN THE EVENT AN UNFRIENDLY GOVERNMENT WERE TO BE INSTALLED AS A RESULT OF THE JULY PRESIDENTIAL ELECTIONS.

3. WE ARE DISPOSED TO THINK THAT AN APPRECIABLE PART OF OUR EFFORTS SHOULD BE DEVOTED TO ASSISTING U.S. INDUSTRY TO CAPITALIZE ON OPPORTUNITIES ARISING FROM PUBLIC INVESTMENT EXPENDITURES AS WELL AS FROM PRIVATE INVESTMENTS. THESE OPPORTUNITIES CORRESPONDED WELL TO THOSE LISTED IN BEST PROSPECTS AND THE PRELIMINARY CCP FOR FY 1979.

4. IT APPEARS THAT SIX CAMPAIGNS MIGHT BE A FEASIBLE NUMBER IN VIEW OF THE POSTS' LIMITED RESOURCES AND ECUADOR-
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REAN ECONOMIC CONDITIONS. THESE COULD BE THE FOLLOWING: PETROCHEMICAL COMPLEX, HYDROELECTRIC AND IRRIGATION, FISHING COMPLEX, METALWORKING AND FINISHING, FOOD PROCESSING AND PACKAGING AND AGRICULTURAL MACHINERY AND EQUIPMENT. WE SUGGEST THAT THE FOOD PROCESSING/PACKAGING CATALOG SHOW BE INCLUDED IN THE PERTINENT CAMPAIGN AND THAT THE PLASTICS PRODUCTION EQPT. TRADE MISSION BE FEATURED IN THE PETROCHEMICAL COMPLEX CAMPAIGN, GIVEN THE CLOSE LINKAGE OF PLASTICS AND PETROCHEMICALS.

5. WITH REFERENCE TO OTHER SPECIAL POST EFFORTS PLEASE NOTE THAT THE MARKET ANALYSIS UNIT (MAU) SHOULD, IN ADDITION TO POST-INITIATED MARKET STUDIES, UNDERTAKE STUDIES IN SUPPORT OF TWO TRADE EVENTS: THE FOOD PROCESSING/PACKAGING CATALOG SHOW AND THE PLASTICS PRODUCTION TRADE MISSION, SCHEDULED FOR MARCH AND APRIL 1979, RESPECTIVELY. THOSE STUDIES SHOULD BE SUBMITTED TEN MONTHS PRIOR TO THE EVENTS. FOREIGN BUYERS PROGRAM, OTHER SPECIAL POST EFFORTS COVERAGE SHOULD REFER ONLY TO FBP ACTIVITY NOT INCORPORATED IN CAMPAIGNS.

6. SEMI-ANNUAL MAJOR PROJECT SUMMARY REPORTS CONTINUE TO

BE IMPORTANT MARKETING VEHICLE AND SHOULD CONTINUE TO BE
SUBMITTED AS WELL AS ALERT REPORTS ON INDUSTRIAL PROJECTS
AS WARRANTED.

7. WE WOULD WELCOME ANY QUESTIONS OR OBSERVATIONS REGARD-
ING FOREGOING SHOULD POSTS FIND IT DESIREABLE TO DO SO
PRIOR TO SUBMISSION ITS FINAL CCP DRAFT CONTRIBUTION. CHRISTOPHER

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